

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

<hr/>	:	Chapter 11, Subchapter V
	:	
NEW WAY MACHINE COMPONENTS, INC.	:	Case No. 24-11362(AMC)
t/a NEW WAY AIR BEARINGS	:	
	:	
Debtor	:	
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**FIRST INTERIM APPLICATION FOR COMPENSATION & REIMBURSEMENT OF
EXPENSES OF KARALIS P.C. AS BANKRUPTCY COUNSEL TO THE DEBTOR
FOR THE PERIOD FROM APRIL 22, 2024 THROUGH AUGUST 31, 2024**

Karalis PC (the “Applicant”), as bankruptcy counsel to New Way Machine Components, Inc. t/a New Way Air Bearings (the “Debtor”), in accordance with Federal Rule of Bankruptcy Procedure 2016 and Local Bankruptcy Rule 2016-2, applies under §§ 330 of title 11 of the United States Code for an award of compensation and reimbursement of actual, necessary expenses (the “Application”) for the period of April 22, 2024 through August 31, 2024 (the “Compensation Period”) and in support thereof represents as follows:

PART A Preliminary Statement

1. Applicant is bankruptcy counsel to the Debtor in this chapter 11 bankruptcy case, effective as of April 22, 2024.
2. All services rendered and expenses incurred for which compensation or reimbursement is requested were performed or incurred for or on behalf of the Debtor.
3. The services described in this Application are actual, necessary services and the compensation requested for those services is reasonable.
4. The expenses described in this Application are actual, necessary expenses.

PART B General Information

1. **Compensation Period:** April 22, 2024 through August 31, 2024.

First Interim Fee Application

	<u>Requested</u>
Fees	\$505,737.50
Expenses	<u>\$ 6,001.20</u>
Total	\$511,738.70

2. **General Information:**

- A. Date case filed: April 22, 2024
- B. Date application to approve employment filed: April 22, 2024
- C. Date employment approved: May 31, 2022
- D. First date services rendered in the case: April 22, 2024
- E. Compensation requested is under §330.
- F. Any fees awarded will be paid by the Debtor's estate.
- G. This application is for a period not less than 120 days after the filing of the case or less than 120 days after the end of the period of the last application.

3. **Prior Fee Applications**

- A. None.

4. **Attorneys' Billing for Compensation Period**

NAME OF PROFESSIONAL	ADMITTED	RATE	HOURS	TOTAL
Aris J. Karalis	1988	\$650	385.20	\$250,380.00
Robert M. Greenbaum	1987	\$550	228.30	\$125,565.00
Robert W. Seitzer	2001	\$500	76.30	\$38,150.00
Eric R. Schachter	2022	\$300	263.40	\$79,020.00
TOTAL			953.20	\$493,115.00

Paraprofessionals Billing for Compensation Period

NAME OF PROFESSIONAL	RATE	HOURS	TOTAL
Jill Hysley	\$165	76.50	\$12,622.50
TOTAL		76.50	\$12,622.50

5. Billing Rates

The billing rates set forth in this application are the normal hourly rates charged by Applicant for the services rendered.

Part C Billing Summary for the Compensation Period

1. Description of Services and Detail of Hours Expended. Compensation for services rendered and reimbursement for expenses is now sought for all reasonable and necessary activities performed in this case during the Compensation Period, including by the following categorical listing:

a. Asset Disposition (Fees: \$6,434.00; Hours 13.00). This category represents all matters related to the sale and disposition of the Debtors assets.

b. Assumption and Rejection of Leases and Contracts (Fees: \$1,684.50; Hours 3.30). This category includes the analysis of leases and executory contracts, reviewing with the Debtors their rights under the Bankruptcy Code to assume, reject or assign the underlying contracts, and preparation of documents and motions related thereto.

c. Case Administration (Fees: \$41,809.00; Hours 77.50). This category includes the coordination and compliance activities related to the preparation of the following: (i) motion for entry of an order authorizing the Debtors to retain and compensate certain professionals in the ordinary course of their business, (ii) motion for entry of an order appointing a legal representative for future claimants, (iii) motion for entry of an order appointing a judicial mediator,

and referring certain matters to mandatory mediation, and (iv) identifying the Debtors' pre-petition insurance policies, policy periods, coverage limits and deductibles or self-insured retention limits as applicable, scheduling and preparation for hearings; and other general case administration activities.

d. Claims Administration and Objections (Fees: \$4,418.00; Hours 12.10).

This category includes issues related to claim inquiries, bar date motions, analyses, objections and allowances of claims. Applicant also sought approval of an enhanced notice procedures that included providing notice of the Bar Date for filing claims against the Debtors not only to all known creditors, but to potential creditors, by publishing the Notice of Bar Date in national and local area newspapers.

e. Employment and Fee Applications (Fees: \$5,583.00; Hours 11.10). This

category includes preparation of employment and fee applications for self and others. During the Compensation Period, Applicant prepared and filed monthly requests for payment of fees on behalf of Applicant and the Subchapter V Trustee and filed certificates of no objection following the response period. Additionally, Applicant filed the first monthly fee request of Omni Agent Solutions Inc.

f. Financing and Cash Collateral (Fees: \$56,605.00; Hours 97.60). This

category includes matters under §§ 361, 363 and 364 including cash collateral and secured claims; and loan document analysis. During the Compensation Period, Applicant negotiated the continued use of cash collateral with the lender and prepared and submitted the proposed Fourth interim order and budget authorizing the use of cash collateral for the next monthly period, which was approved by the Court.

g. Meetings and Communications with Creditors (Fees: \$3,695.00; Hours 5.90). This category includes issues related to preparation for and attendance at § 341(a) meeting, and any other meetings with creditors or with the Office of the United States Trustee. This category includes routine communications with the Debtors' creditors regarding the status of the bankruptcy cases, the receipt of certain notices, claims, and other issues and inquiries arising from time to time.

h. Reporting (Fees: \$28,443.00; Total Hours 56.00). This category includes issues related to the preparation and filing of statement of financial affairs, bankruptcy schedules, monthly operating reports, and any other accounting or reporting activities; contacts with United States Trustee not included in other categories.

i. Plan (Fees: \$175,936.50; Total Hours 386.30). This category includes issues related to research, negotiations, formulation, and preparation of the Plan, the Settlement Trust, Trust Distribution Procedures and related documents and exhibits thereto, the formulation of solicitation procedures for the Plan, confirmation of the Plan; compliance with the confirmation order, related orders and rules; disbursements and case closing activities. During the Compensation Period the Applicant prepare and filed the Plan of Reorganization.

j. Prepetition transfers, preparation of Complaint (Debtor v. N. Hackett), Settlement Discussions and Settlement Agreement with Hackett (Fees: \$181,129.50; Total Hours 366.90). This category includes time spent by Applicant during the Compensation Period investigating the prepetition transactions between the Debtor and N. Hackett, preparation of a Complaint to be filed in the Bankruptcy Court, settlement discussions and Settlement Agreement between the parties.

2. The Applicant advised the Debtor with respect to all legal matters in connection with this bankruptcy case and performed the professional services detailed in the attached Exhibits A through J. Detailed statements of each category of service (identified herein) pursuant to L.R.B.P. 2016-2 are attached hereto as Exhibits A through J and made a part hereof, which list the name of the professional or paraprofessional, date, activity, and time expended in connection with the services rendered. Applicant requests interim compensation of \$505,737.50 for 1029.70 hours of services rendered and payment of such allowed amount.

C. Summary of professional and paraprofessional time Expended by Category:

<u>CATEGORY</u>	<u>HOURS</u>	<u>VALUE</u>	<u>EXHIBIT</u>
A) <u>Asset Disposition</u> : Sales (§363 matters), abandonment and related transaction work related to asset disposition.	13.00	\$6,434.00	A
B) <u>Assumption and Rejection of Leases and Contracts</u> : Analysis of leases and executory contracts and preparation of Motions specifically to assume or reject.	3.30	\$1,684.50	B
C) <u>Case Administration</u> : Coordination and compliance activities including the first day motions regarding payroll, employee benefits, taxes, insurance coverage, utility deposit amounts, preparation of service lists, scheduling and preparation for hearings; and other general case administration activities not specifically covered by another category.	77.50	\$41,809.00	C
D) <u>Claims Administration and Objections</u> : Claim inquiries, bar date motions, analyses, objections and allowances of claims.	12.10	\$4,418.00	D
E) <u>Employment and Fee Applications</u> : Preparation of employment and fee applications for self and others.	11.10	\$5,583.00	E
F) <u>Financing and Cash Collateral</u> : Matters under §§ 361, 363 and 364 including cash collateral and secured claims; and loan document analysis.	97.60	\$56,605.00	F
G) <u>Meetings and Communications with Creditors</u> : Preparation for and attendance at § 341(a) meeting and any other meeting with creditors or with the Office of the United States Trustee.	5.90	\$3,695.00	G

<u>CATEGORY</u>	<u>HOURS</u>	<u>VALUE</u>	<u>EXHIBIT</u>
H) <u>Reporting</u> : Statement of financial affairs, schedules, monthly operating reports, and any other accounting or reporting activities; contacts with United States Trustee not included in other categories.	56.00	\$28,443.00	H
I) <u>Plan</u> : Formulation, research, presentation and Confirmation: Solicitation procedures: compliance with the Plan Confirmation Order, related Orders and Rules; disbursement and case closing activities.	386.30	\$175,936.50	I
J) <u>Prepetition transfers, preparation of Complaint (Debtor v. N. Hackett), Settlement Discussions and Settlement Agreement with Hackett</u> : investigating the prepetition transactions between the Debtor and N. Hackett, preparation of a complaint to be filed in the Bankruptcy Court, settlement discussions and Settlement Agreement between the parties.	366.90	\$181,129.50	J
TOTAL	1029.70	\$505,737.50	

Part D: Expense Summary for Compensation Period

1. For the Compensation Period, Applicant expended \$6,001.20 for expenses in connection with serviced provided to the Debtors as bankruptcy counsel. Set forth in the attached Exhibit "K" is a list that shows the type of expenses for which reimbursement is sought. Scanning and duplicating charges are calculated at .20 per page. Fax charges are calculated at \$1.00 per fax. Postage, telephone costs, legal research costs, and Federal Express charges are actual charges incurred.

2. Applicant seeks reimbursement of the full amount \$6,001.20 for such expenses.

Part E: Request for Approval of Application

1. The Applicant seeks approval and payment of compensation and expenses as set forth in this Application for services rendered and costs incurred during the Compensation Period.

2. The services rendered by the Applicant on behalf of the Debtor were reasonable, necessary and appropriate to the administration of this case.

3. The services rendered were performed economically, effectively, and efficiently and the results obtained benefitted the Debtor and the estate of the Debtor.

4. The services rendered for which Applicant seeks compensation in this Application were necessary and beneficial to the Debtor and the estate of the Debtor.

5. Accordingly, approval of the compensation sought herein is warranted.

WHEREFORE, the Applicant requests entry of an order (a) granting the Application, (b) allowing compensation to Karalis PC in the amount of \$505,737.50 for services rendered and the reimbursement of expenses in the amount of \$6,001.20, for a total of \$511,738.70 due and payable to the Applicant for the Compensation Period, (c) authorizing payment of such allowed amount to the Applicant, and (d) for such other and further relief as this Court deems just and proper.

Respectfully Submitted:

KARALIS PC

By: /s/ Aris J. Karalis
ARIS J. KARALIS
1900 Spruce Street
Philadelphia, PA 19103
(215) 546-4500
Attorneys to Debtor

Dated: September 10 , 2024